

MAY 1 '97 2:12 PM

LAW OFFICES OF
JOHNSTON, WILKINS & DRUHAN, L.L.P.
HANNAH HOUSES
157 NORTH CONCEPTION STREET
POST OFFICE BOX 154

MOBILE, ALABAMA

36601

TELEPHONE (334) 432-0738

TELECOPIER (334) 432-4874

J. MICHAEL DRUHAN, JR.
JAMES C. JOHNSTON
JOSEPH S. JOHNSTON
ROBERT B. STEWART*

*ALSO ADMITTED IN MISSISSIPPI

SAMUEL M. JOHNSTON (1890-1969)
ROBERT B. WILKINS (1922-1992)
SAMUEL M. JOHNSTON, JR. (1928-1993)

April 28, 1997

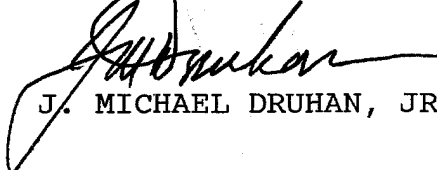
Mr. Vernon A. Williams, Secretary
Surface Transportation Board
U.S. Dept. of Transportation
1925 K Street
Washington, DC 20423-0001

RE: Rolling Stock Security Agreement

Dear Mr. Williams:

Enclosed, please find a transmittal letter from Ms. Sharon Roberts, of SouthTrust, relating to the Memorandum Security Agreement along with two counterparts of the Memorandum to be filed. Also included is our check of \$24.00 for filing fee.

Sincerely,


J. MICHAEL DRUHAN, JR.

JMD/bbl
Enclosures

RECEIVED
SURFACE TRANSPORTATION
BOARD
MAY 1 2 12 PM '97

SouthTrust Bank
P.O. Box 1508
Mobile, Alabama 36633
(334) 431-9200

RECORDATION NO. 20660 FILED

MAY 1 '97

2-12 PM



April 28, 1997

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
U.S. Dept. of Transportation
1925 K Street
Washington, DC 20423-0001

Dear Mr. Williams:

I have enclosed an original and one counterpart of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

This document is a memorandum of security agreement on rolling stock, a primary document dated of April 28, 1997.

The names and addresses of the parties to the document are as follows:

Debtor is Walter Haffner Company, Post Office 16111, Mobile, Alabama 36616.

Secured Party is SouthTrust Bank of Alabama, National Association, Post Office Box 1508, Mobile, Alabama 36633.

A description of the equipment covered by the document follows:

WCHX 21020-21039 - Twenty (20) Exterior Coiled and Insulated cars, each with a total capacity of 21,000 gallons. These are Class DOT 111A100W1 cars which are equipped with 6" bottom unloading valves, double shelf couplers, 2" top unloading valves, safety dome platforms and 100 ton roller bearing trucks. Cars were constructed new in 1988 and meet all requirements for use in a flammable liquid service.

WCHX 23121-23126 - Six (6) cars, Class DOT 111A100W1, with a total capacity of 23, 589 gallons per car. Cars are non-coiled, non-insulated, with 4" bottom outlet valves, safety valves, shelf couplers and 100 ton roller bearing trucks.

RECEIVED
SURFACE TRANSPORTATION
BOARD
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WCHX 23131-23135 - Five (5) Cars, Class DOT 111A100W1, with an average capacity of 23,475 gallons each. Cars are insulated, exterior coiled (12 lines), equipped for top and/or bottom unloading and have interior lining (LCC-24H). Cars were constructed and lined in October, 1996, and are further equipped for flammable liquid service, and upon AAR approval, can be loaded to a total weight on rail of 286,000 lbs.

A fee of \$24.00 is enclosed. Please return the original and any extra copies not needed by the Board for recordation to: J. Michael Druhan, Esquire, Post Office Box 154, Mobile, Alabama 36601.

A short summary of the documents to appear in the index follows:

Rolling Stock Security Agreement dated April 26, 1997, from Walter Haffner Company to SouthTrust Bank of Alabama, National Association ("SouthTrust"), securing the security interest of SouthTrust in tank cars designated as:

WCHX 21020-21039 - Twenty (20) cars, Class DOT 111A100W1.

WCHX 23121-23126 - Six (6) cars, Class DOT 111A100W1.

WCHX 23131-23135 - Five (5) Cars, Class DOT 111A100W1.

SOUTHTRUST BANK OF ALABAMA, N.A.

BY Sharon Roberts
SHARON ROBERTS, Vice-President

20660
MAY 1 '97 2-12PM

MEMORANDUM OF ROLLING STOCK SECURITY AGREEMENT

THIS MEMORANDUM OF ROLLING STOCK SECURITY AGREEMENT is made by WALTER HAFFNER COMPANY, the Debtor and SOUTHTRUST BANK OF ALABAMA, NATIONAL ASSOCIATION, the Secured Party, and evidences as follows:

1. Memorandum covers a Rolling Stock Security Agreement dated April 29, 1997.

2. Debtor is Walter Haffner Company, Post Office Box 16111, Mobile, Alabama, 36615.

3. Secured Party is SouthTrust Bank of Alabama, National Association, Post Office Box 1508, Mobile, Alabama 36633.

4. The equipment covered by the Security Agreement is set out on the attached Exhibit "A".

5. The summary of the Security Agreement covered therein is:

Rolling Stock Security Agreement dated April 28, 1997, from Walter Haffner Company to SouthTrust Bank of Alabama, National Association ("SouthTrust"), securing the security interest of SouthTrust in tank cars designated as:

WCHX 21020-21039 - Twenty (20) cars, Class DOT 111A100W1.

WCHX 23121-23126 - Six (6) cars, Class DOT 111A100W1.

WCHX 23131-23135 - Five (5) Cars, Class DOT 111A100W1.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in four counterpart originals of which this is Counterpart Number 1, on this the 29 day of April, 1997.

WALTER HAFFNER COMPANY

By: Walter C. Haffner
Its President

SOUTHTRUST BANK OF ALABAMA, N.A.


By: Sharan Roberts
Its Vice President

STATE OF ALABAMA)

COUNTY OF MOBILE)

I, the undersigned Notary Public in and for said State and County, hereby certify that WALTER C. HAFFNER, JR., whose name as President of Walter Haffner Company, a corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument he, as such officer and with full authority, executed the same voluntarily for and on behalf of such corporation on the day the same bears date.

GIVEN under my hand and seal on this the 28 day of April, 1997.


NOTARY PUBLIC
My Commission Expires My Commission Expires 6-6-99

STATE OF ALABAMA)

COUNTY OF MOBILE)

I, the undersigned Notary Public in and for said State and County, hereby certify that Sharon Roberts, whose name as Vice Presidents of SouthTrust Bank of Alabama, National Association, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument he, as such officer and with full authority, executed the same voluntarily.

GIVEN under my hand and seal on this the 28 day of April, 1997.



NOTARY PUBLIC
My Commission Expires My Commission Expires 6-6-99

EXHIBIT "A"

WCHX 21020-21039 - Twenty (20) Exterior Coiled and Insulated cars, each with a total capacity of 21,000 gallons. These are Class DOT 111A100W1 cars which are equipped with 6" bottom unloading valves, double shelf couplers, 2" top unloading valves, safety dome platforms and 100 ton roller bearing trucks. Cars were constructed new in 1988 and meet all requirements for use in a flammable liquid service.

WCHX 23121-23126 - Six (6) cars, Class DOT 111A100W1, with a total capacity of 23, 589 gallons per car. Cars are non-coiled, non-insulated, with 4" bottom outlet valves, safety valves, shelf couplers and 100 ton roller bearing trucks.

WCHX 23131-23135 - Five (5) Cars, Class DOT 111A100W1, with an average capacity of 23,475 gallons each. Cars are insulated, exterior coiled (12 lines), equipped for top and/or bottom unloading and have interior lining (LCC-24H). Cars were constructed and lined in October, 1996, and are further equipped for flammable liquid service, and upon AAR approval, can be loaded to a total weight on rail of 286,000 lbs.

ROLLING STOCK
SECURITY AGREEMENT

MAY 1 '97

2-12PM

THIS ROLLING STOCK SECURITY AGREEMENT made between WALTER HAFFNER COMPANY, a corporation, Post Office Box 16111, Mobile, Alabama 36616 (hereinafter called the "Debtor"), and SOUTHTRUST BANK OF ALABAMA, NATIONAL ASSOCIATION, 61 St. Joseph Street, Post Office Box 1508, Mobile, Alabama 36603, (hereinafter called the "Secured Party").

1. For valuable consideration, receipt of which is hereby acknowledged, and in further consideration of the Secured Obligations as hereinafter defined, Debtor hereby grants, bargains, sells, assigns and sets over to the Secured Party and grants to Secured Party a security interest in the following:

WCHX 21020-21039 - Twenty (20) Exterior Coiled and Insulated cars, each with a total capacity of 21,000 gallons. These are Class DOT 111A100W1 cars which are equipped with 6" bottom unloading valves, double shelf couplers, 2" top unloading valves, safety dome platforms and 100 ton roller bearing trucks. Cars were constructed new in 1988 and meet all requirements for use in a flammable liquid service.

WCHX 23121-23126 - Six (6) cars, Class DOT 111A100W1, with a total capacity of 23, 589 gallons per car. Cars are non-coiled, non-insulated, with 4"bottom outlet valves, safety valves, shelf couplers and 100 ton roller bearing trucks.

WCHX 23131-23135 - Five (5) Cars, Class DOT 111A100W1, with an average capacity of 23,475 gallons each. Cars are insulated, exterior coiled (12 lines), equipped for top and/or bottom unloading and have interior lining (LCC-24H). Cars were constructed and lined in October, 1996, and are further equipped for flammable liquid service, and upon AAR approval, can be loaded to a total weight on rail of 286,000 lbs.

replacements, substitutions, additions and accessories related thereto, owned by Debtor and wherever located, and all proceeds thereof, (hereinafter referred to as "the Collateral"). Inclusion of proceeds in the Collateral shall not be deemed to imply that Secured Party has authorized the sale or other transfer or disposition of any of the Collateral except as expressly provided in this agreement.

2. This agreement and the security interest herein granted, secure the payment of a promissory note in the amount of **FOUR HUNDRED NINETY FIVE THOUSAND SIX HUNDRED EIGHTY-FOUR AND 58/100THS (\$495,684.58) DOLLARS** evidencing a loan made to Debtor by Secured Party, any extensions or renewals thereof, all interest due or to become due to Secured Party on each such loan or other extension or credit, every note or other writing now or hereafter evidencing the obligation of Debtor to repay any such loan and/or the interest thereon, the payment and performance of all of Debtor's obligations under this agreement. (All of the debts and other obligations described in the preceding sentence are hereinafter referred to collectively as the "Secured Obligations".)

3. Debtor represents and warrants to Secured Party that:

(a) The Collateral is of a type normally used in more than one state and if Debtor has a place of business in more than one state, that the chief place of business of Debtor is that shown at the beginning of this agreement and that Debtor will immediately notify Secured Party in writing of any change in Debtor's place of business in said state and that if certificates of title or ownership are issued or outstanding with respect to any of the Collateral, Debtor will cause the interest of the Secured Party to be properly noted on such certificates of title or ownership.

(b) Debtor is duly organized and validly existing under the laws of the state of Alabama and is duly qualified and in good standing in every other state in which the nature of its business or the ownership of its properties makes qualification necessary.

(c) The execution, delivery and performance of this agreement are within Debtor's company powers, have been duly authorized, are not in contravention of law or the terms of Debtor's articles of organization, by-laws, operating agreement or other enabling papers, or of an indenture, agreement, or undertaking to which Debtor is a party or by which Debtor is bound.

(d) Except for the security interest granted herein, Debtor is, and, as to Collateral acquired after the date hereof, will be, the owner of the Collateral free and clear from an adverse lien, security interest or encumbrance.

All of the foregoing representations and warranties are deemed to be made at the time this agreement is executed and delivered and are deemed to be renewed and affirmed at and as of the time each extension or renewal of the Secured Obligations is made. Debtor acknowledges that Secured Party is relying on these representations and warranties in accepting this agreement and extending all such credit.

4. Debtor will maintain or cause to be maintained insurance at all times with respect to all Collateral for risk of fire (including so-called extended coverage), theft, water damage, collision, vandalism, environmental damage and such other risks as Secured Party may require from time to time, in such form, for such perils and for the full insurable value of the Collateral, and written by such companies as may be satisfactory to Secured Party. Secured Party shall be named as loss payee under such policies of insurance. Debtor may furnish such insurance through an existing policy or a policy independently obtained and paid for by Debtor. All policies of insurance shall provide for a minimum of ten (10) days written notice to Secured Party before cancellation. At request of Secured Party, Debtor will deliver such policies, or at Secured Party's option, certificates thereof, to Secured Party to be held by it. Debtor hereby appoints Secured Party the attorney-in-fact for Debtor for purposes of obtaining, adjusting, settling, and cancelling such insurance and of endorsing in Debtor's name and giving receipt for checks and drafts issued in payment of losses and as return premiums. In the event Debtor fails to provide any insurance as required herein, Secured Party may, at its option, purchase such insurance or, at Secured Party's option after ten (10) days' notice to Debtor, insurance covering only Secured Party's interest in the Collateral. Debtor agrees to reimburse Secured Party on demand for the cost of such insurance. Debtor hereby assigns all insurance policies at any time covering the Collateral and all return or unearned premiums thereon to Secured Party as additional collateral for the Secured Obligations.

5. Debtor will allow Secured Party and any of its officers, agents and attorneys to examine or inspect the Collateral wherever located at all reasonable times and to examine, inspect and make extracts from Debtor's books and records.

6. Debtor hereby covenants, represents, and warrants as follows:

(a) Debtor agrees to keep all records concerning the Collateral in a fireproof and safe place and, upon request of Secured Party, to make such records available to Secured Party, its agents, attorneys, and accountants, at any reasonable time and without hinderance or delay to allow Secured Party to inspect, audit, check or make extracts from such records.

(b) Debtor hereby represents, warrants and agrees with Secured Party that (i) (except as otherwise noted in writing hereon or in a schedule attached to this agreement) Debtor is the owner of fifty (50%) percent of the Collateral, free and clear of all liens and encumbrances, and has the full right and power to transfer the Collateral to Secured Party and to grant to Secured Party the security interest provided in this agreement, (ii) Debtor will not

make any other assignments of the Collateral, nor create any other security interest therein, nor permit any other financing statement to be filed in any public office with respect thereof (except as otherwise expressly agreed in writing by Secured Party), nor permit either Debtor's or Secured Party's rights therein to be reached by attachment, levy, garnishment, or other judicial process.

7. (a) Debtor shall do, make, execute, and deliver to Secured Party all such additional and further acts, things, assignments, assurances, and instruments as Secured Party may require to more completely vest in and assure to Secured party its rights hereunder and in or to the Collateral and the proceeds thereof. Debtor will deliver all Instruments and Documents which constitute a part of the Collateral to Secured Party upon request.

(b) Debtor will pay promptly when due all taxes and assessments upon the Collateral or any part thereof, upon its use or operation, upon the proceeds thereof, upon this security Agreement, or upon any note or notes evidencing the Secured Obligations. At its option, Secured party may discharge any taxes, liens, security interests or other encumbrances at any item levied or placed on the Collateral or any part thereof and may pay for the maintenance and preservation of the Collateral, but Secured Party shall not be under any duty to exercise any such authority. Debtor agrees to reimburse Secured Party, upon demand, for any payment made or any expense incurred by the Secured Party pursuant to the foregoing authorization.

(c) All sums expended by Secured Party which Debtor is obligated to reimburse Secured party under this agreement shall bear interest from the date reimbursement is due until the date paid at the rate provided in the note evidencing the Secured Obligation with respect to which the sum was expended by Secured party, or if no single such note exists or is identifiable, then at the rate which is two percent in excess of the base rates announced by Secured Party or its "Base Rate" on the day the expenditure was made, but in any event not more than the maximum rate allowed by law. All such sums and the interest thereon shall be secured by the security interest granted in this agreement.

(d) At the request of Secured Party, Debtor will execute financing statements pursuant to the Uniform Commercial Code in form and number satisfactory to Secured Party and will pay the cost of filing the same in all public offices where filing is deemed by Secured Party to be necessary or desirable. Debtor agrees that a carbon or photostatic copy of this agreement may be filed as a financing statement in any public office. If certificates of title or ownership are issued or outstanding with respect to any of the Collateral, Debtor will cause the interest of Secured party to be properly noted thereon at Debtor's expense. Without the written consent of Secured party, Debtor will not allow any adverse

financing statement covering any of the Collateral to be on file in any public office.

8. Any or all of the Secured Obligations shall, at the option of Secured Party and notwithstanding the stated maturity date of any instrument evidencing any such Secured Obligation, become immediately due and payable without notice or demand upon the occurrence of any of the following events, each of which shall constitute a default hereunder:

(a) Debtor's failure to pay or perform as and when due any of the Secured Obligations or any note evidencing the same;

(b) Debtor's failure to pay or perform as and when due any covenant contained in this agreement or if any warranty or representation made or any writing furnished to Secured Party by or on behalf of Debtor in or in connection with this agreement is breached or is false or inaccurate in any material respect when made or furnished;

(c) Any event occurs which results in the acceleration of the maturity of any indebtedness of Debtor to others under any indenture, agreement, or undertaking;

(d) Loss, theft, damage, or destruction of any material part of the Collateral, or any libel, levy, seizure, garnishment or attachment thereof or thereon;

(e) Dissolution, termination of existence, insolvency, cessation of business, or appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any chapter of the Federal Bankruptcy Code or any insolvency laws by or against, Debtor or any guarantor or surety for Debtor on any of the Secured obligations.

9. Upon the occurrence of any event of default set forth in the preceding paragraph, and at any time thereafter, Secured party shall have the right to take possession of the Collateral and, with or without taking possession thereof, to sell the Collateral at one or more public or private sales, at Secured party's options. At Secured Party's request, Debtor agrees to assemble or produce the Collateral and to make it available to Secured party at a place to be designated by Secured party which is reasonably convenient to both parties. Debtor waives any notice of sale or other disposition of the Collateral and agrees that notice of sale or other disposition of the Collateral hereunder, or any part thereof, which cannot be waived shall be sufficient if such notice is delivered to Debtor or mailed, postage prepaid, to the address of Debtor shown at the beginning of this agreement, or such other address as Debtor shall have furnished Secured party in writing for

such purpose, at least five (5) days before the time of the sale or disposition. Debtor agrees to pay Secured Party on demand any and all expenses, including reasonable attorneys' fees, incurred or paid by Secured Party in protecting or enforcing the Secured Obligations and the rights of Secured Party hereunder, including Secured Party's right to take possession of and sell or dispose of the Collateral, and in repossessing and storing the Collateral, preparing the Collateral for sale, advertising and conducting such sale, and collecting the proceeds of such sale. Payment of all such expenses and the interest thereon shall be secured by the security interest granted in this agreement.

10. Secured party shall have the right to set off the Secured Obligations against any indebtedness or liability of Secured Party to Debtor at any time existing. As additional security for the Secured Obligations, Debtor hereby transfers and assigns to Secured Party, and grants to Secured Party a security interest in, all account balances, credits, deposits, and rights of withdrawal of Debtor with Secured Party, whether now owned or hereafter acquired, and whether jointly or severally held, and Debtor agrees that Secured party shall have a lien upon and security interest in all property of Debtor of every kind now or hereafter in the possession or control of Secured party for any reason.

11. (a) Secured party's rights and remedies hereunder, under other agreements or instruments, and under law, are cumulative. Secured party shall not be deemed to have waived any of its rights hereunder, under any other agreement or instrument, or under law except in a writing signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right or remedy shall operate as a waiver thereof, and a written waiver on any one occasion shall not be construed as a bar or waiver of any right or remedy on any future occasion.

(b) Whenever there is no outstanding Secured Obligation and no commitment on the part of Secured Party under any agreement which might give rise to a Secured Obligation, Debtor may terminate this agreement upon written notice to Secured Party. Prior to such termination this shall be a continuing agreement in every respect.

(c) This agreement and all rights and obligations hereunder, including matters of construction, validity, and performance, shall be governed by the laws of the state where the address of Secured Party set forth above is located. This agreement is effective when signed by Debtor and delivered to Secured party, and binds Debtor and inures to the benefit of Secured Party and their respective successors and assigns. The provisions of this agreement are severable, and the invalidity or unenforceability of any provision hereof shall not affect the remaining provisions of this agreement.

(d) All terms used in this agreement which are not expressly defined herein shall have the meaning, if any, assigned to them in Article 9 of the Uniform Commercial Code.

IN WITNESS WHEREOF, The members or agents of Debtor thereunto duly authorized have executed this agreement in four counterpart originals of which this is Counterpart Number ____ on behalf of Debtor, on this the 28 day of April, 1997.

DEBTOR:

WALTER HAFFNER COMPANY

BY

Walter C. Haffner, Jr.
WALTER C. HAFFNER, JR.,
President

STATE OF ALABAMA)

COUNTY OF MOBILE)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that WALTER C. HAFFNER, JR., whose name as a President of WALTER HAFFNER COMPANY, a corporation, is signed to the foregoing instrument and who is known to me and know to be to be such member, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such authorized member with full authority executed the same voluntarily on the say the same bears date for and as the act of said corporation.

Given under my hand this the 28 day of April, 1997.

Linda White
NOTARY PUBLIC
My Commission Expires: My Commission Expires 6-6-99